

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
AUGUST 21, 2018**

ITEM 2

SUBJECT

CONSIDERATION OF A RESOLUTION TO APPROVE ADDITIONAL PROPOSITION 1 SMALL COMMUNITY GRANT (SCG) FUNDING FOR THE EASTERN MUNICIPAL WATER DISTRICT (DISTRICT) QUAIL VALLEY SUBAREA 9 PHASE 1 SEWER PROJECT (PROJECT), CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECT NO. C-06-7889-120

DISCUSSION

Quail Valley is a severely disadvantaged community located in Riverside County, California. The community is comprised of approximately 522 residents and has a median household income of \$31,650. The community is located upstream of Canyon Lake and is currently on septic systems. Quail Valley is divided into 9 Sewer Study Areas (Subareas). The District is a special utilities district responsible for drinking water and wastewater services in the San Jacinto Valley region. The District is connecting Subarea 9 of Quail Valley to their wastewater system.

On August 29, 2006, Riverside County adopted Ordinance No. 856, which established a septic tank prohibition for specified areas of Quail Valley. On October 3, 2006, the Santa Ana Regional Water Quality Control Board (Santa Ana Regional Board), adopted [Resolution No. R8-2006-0024](#), which prohibited new septic systems in Quail Valley. The failing septic systems result in septic effluent running through the community and downstream to Canyon Lake. At times in wet weather conditions, children walk through the surfaced effluent on their way to school. Additionally, in some areas the soil between the surface and underlying bedrock has become saturated with septic effluent and gray water, thus allowing for the migration of pollutants to Canyon Lake. The Project consists of connecting approximately 149 residences in the Subarea 9 portion of Quail Valley to the District's existing sewer system. Sewage will be conveyed to the Perris Valley Regional Wastewater Reclamation Facility via a lift station. The remaining residents of Quail Valley will be connected to the District's wastewater system in later Phases.

On January 4, 2017, the Division of Financial Assistance (DFA) executed a financing agreement (No. D16-04023) (Agreement) with the District receiving \$7,502,702 in Proposition 1 SCG funding for the Project. The total Project cost at the time the agreement was executed was estimated to be \$14,706,470. The construction bids came back higher than the engineer's estimate and as a result, the total Project cost increased to \$17,615,240.

The District has contributed their own funds in addition to receiving funding from the Santa Ana Regional Board's Supplemental Environmental Projects (SEP) fund, Department of Water Resources, the City of Menifee, and from the nearby Audie Murphy Ranch development to fund the Project. The District is requesting an additional \$1,988,462 in Proposition 1 SCG funding for the Project, increasing the total Proposition 1 SCG funding amount to \$9,491,164. The 2018-2019 CWSRF Intended Use Plan (IUP) states that the maximum grant amount a small, disadvantaged community can receive for septic to sewer and regional projects is \$8,000,000. Because the requested grant amount exceeds this amount, DFA staff are presenting this Project to the State Water Board for approval.

POLICY ISSUE

Should the State Water Board adopt a resolution authorizing the Deputy Director of DFA to approve an additional \$1,988,462 in Proposition 1 SCG funding for the District's Project, increasing the total Proposition 1 SCG funding amount to \$9,491,164?

FISCAL IMPACT

The Project will be funded with existing Proposition 1 SCG funding.

REGIONAL BOARD IMPACT

None.

HUMAN RIGHT TO WATER ANALYSIS

DFA staff have considered Section 106.3 of the Water Code (added by Assembly Bill 685 (Stats. 2012, ch. 524). This proposed action supports the Human Right to Water because it will assist disadvantaged communities by reducing their financing costs needed to replace failing septic systems.

STAFF RECOMMENDATION

The State Water Board should adopt a resolution authorizing the Deputy Director of DFA to approve an additional \$1,988,462 in Proposition 1 SCG funding for the District's Project, increasing the total Proposition 1 SCG funding amount to \$9,491,164.

State Water Board action on this item will assist the Water Boards in reaching Goal 6 of the Strategic Plan Update: 2008-2012 to enhance consistency across the Water Boards, on an ongoing basis, to ensure our processes are effective, efficient, and predictable, and to promote fair and equitable application of laws, regulations, policies, and procedures.
